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10/773,046	02/05/2004	Philip R. Houston	BUSI-P01-001	5450		
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>
	10/773,046	HOUSTON, PHILIP R.
	<b>Examiner</b>	<b>Art Unit</b>
	Gabrielle McCormick	3629

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) Responsive to communication(s) filed on 31 July 2008.
- 2a) This action is **FINAL**.                    2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 1-10 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 1-10 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All    b) Some \* c) None of:
1. Certified copies of the priority documents have been received.
  2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |                                                                                        |                                                                   |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____ .                                    |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>7/31/2008</u> .                                               | 6) <input type="checkbox"/> Other: _____ .                        |

## **DETAILED ACTION**

### ***Status of Claims***

1. This action is in reply to the amendment filed on July 31, 2008.
2. Claims 1 and 6 have been amended.
3. Claims 7-10 have been added.
4. Claims 1-10 are currently pending and have been examined.

### ***Information Disclosure Statement***

5. The Information Disclosure Statement filed on July 31, 2008 has been partially considered. The reference (Analysis of Proposed Detection of Deception Methodology by Dr. Pennebaker" was not provided and therefore was not reviewed. An initialed copy of the Form 1449 is enclosed herewith.

### ***Requirement for Information Under 37 C.F.R. § 1.105***

6. Applicant and the assignee of this application were previously required under 37 CFR 1.105 to provide the following information that the examiner has determined is reasonably necessary to the examination of this application.
7. The information is required to identify publications embodying the disclosed subject matter of a method and system for facilitating a sale of a product from an inventory of a selling entity. The Examiner upon conducting a search for prior art discovered a published document entitled: "Is Your CEO Lying? – Barron's cover". Notablecalls1. June 24, 2006 at <http://notablecalls1.blogspot.com/2006/06/is-your-ceo-luing-barrons-cover.html>.
8. The article discloses "five-year-old" Business Intelligence Advisors, the assignee of this application, "employs a number of former CIA and other national-security operatives to do

behavioral analyses of corporate executives. The intent: to detect when managers are being less than candid or lying in their communications with shareholders, during interviews and quarterly earnings conference calls or even in press releases or management discussions in 10Ks." (pg. 1; para. 2). The article further discloses that BIA begun using an April 2001 CNBC interview of Sanjay Kumar as their main training video in "the spring of 2001" (pg. 3; para. 6 – pg. 4; para. 1).

9. In response to this requirement, please provide any known publications, brochures, manuals and press releases that describe Business Intelligence Advisors services and/or products that were the subject of the article. Please include any material that describes:
  - Analyzing a corporate disclosure for verbal and non-verbal deceptive behavior analysis
10. Further, please provide the names and descriptions of any products or services, referenced with dates, that have incorporated the claimed subject matter, **as of and subsequent to April 2001**.
11. In response (July 31, 2008) to this requirement, Applicant stated: "Applicant wishes to point out that this training video was used internally during the spring of 2001. During that time period, the video was not used as part of any products or services embodying applicants' claimed subject matter." The Examiner understands this statement to convey that this training video was used in the spring of 2001 to train BIA employees and was not used in BIA's outside training activities that were conducted during the spring of 2001. However, the request for information that stemmed from the article merely sets the time period **start** date as the spring of 2001. The request was for information "as of and subsequent to April 2001". Further, the request was not for the training video, but was for the descriptions of **any products or services** that incorporate the claimed subject matter as of April 2001.
12. Applicant also provided NPL from various sources (not BIA - the assignee) and either undated or materials dated after February 26, 2002. No materials were provided that correlate to the "spring of 2001" time period and BIA's activities relating to the deception detection of managers. As a result, the Examiner reiterates this request for information pertinent to the time period beginning with the Spring of 2001.

13. Within Applicant's submissions was a letter dated February 26, 2002, from "Security Training, Inc." (STI) that discloses a "Deceptive Behavior Detection and Strategic Elicitation" course that was conducted prior to the date of the letter ("In addition to the core training program that **was** the focus of our recent introductory session in New York (described in the enclosed materials)..." (pg. 1; para. 3). The enclosed material lists Philip R. Houston as the expert. It is presumed by the Examiner that Philip R. Houston is the same Philip Houston that is the inventor of the instant application, therefore, the Examiner requests that the Applicant provide the nature of the relationship of STI and BIA. Further, the Examiner expands the request for information to include **all** course materials, written and video, (not just promotional excerpts) and the **dates** of **all** courses relating to deceptive behavior detection that were conducted prior to February 26, 2002. Additionally, please provide any training materials that were used to train financial, human resource, auditing and other key professionals (see pg. 1; para. 2 of the letter) to detect deceptive behavior.
14. In responding to those requirements that require copies of documents, where the document is a bound text or a single article over 50 pages, the requirement may be met by providing copies of those pages that provide the particular subject matter indicated in the requirement, or where such subject matter is not indicated, the subject matter found in applicant's disclosure.
15. The fee and certification requirements of 37 CFR 1.97 are waived for those documents submitted in reply to this requirement. This waiver extends only to those documents within the scope of this requirement under 37 CFR 1.105 that are included in the applicant's first complete communication responding to this requirement. Any supplemental replies subsequent to the first communication responding to this requirement and any information disclosures beyond the scope of this requirement under 37 CFR 1.105 are subject to the fee and certification requirements of 37 CFR 1.97.
16. The applicant is reminded that the reply to this requirement must be made with candor and good faith under 37 CFR 1.56. Where the applicant does not have or cannot readily obtain an item of

required information, a statement that the item is unknown or cannot be readily obtained may be accepted as a complete reply to the requirement for that item.

This requirement is an attachment of the enclosed Office action. A complete reply to the enclosed Office action must include a complete reply to this requirement. The time period for reply to this requirement coincides with the time period for reply to the enclosed Office action.

### ***Claim Rejections - 35 USC § 101***

17. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

18. Claims 1-5 and 7-10 are rejected as being directed to non-statutory subject matter. Independent claim 1 is a method claim that recites process steps that are not tied to another statutory class, such as a particular apparatus. Based on Supreme Court precedent (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) and *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) and recent Federal Circuit decisions, a 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. If neither of these requirements is met by the claim, the method is not a patent eligible process under 35 U.S.C. 101. Claims 2-5 and 7-10 are rejected through their dependency to rejected claim 1.

***Claim Rejections - 35 USC § 103***

19. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

20. **Claims 1-5 and 7-10** are rejected under 35 U.S.C. 103(a) as being unpatentable over Vrij et al. ("People's insight into their own behaviour and speech content while lying". British Journal of Psychology. London: May 2001. Vol. 92 Part 2. pg. 373, hereafter referred to as "Vrij") in view of Johnson, JR. (US Pub. No. 2002/0062089, hereinafter referred to as "Johnson") in view of Barboza ("Smith Barney Agrees to Settle Bond Charges for \$2 Million". New York Times. (Late Edition (East Coast)). New York, N.Y.: Sep. 24, 1997. pg. D. 10).

21. **Claim 1:** Vrij discloses

- *comprising providing a record of a disclosure made by a representative,* (pg. 1; para. 2: 86 nurses were interviewed; interviews (i.e., records) were videotaped, transcribed and scored by independent coders; pg. 5; para. 5)
- *identifying within the record a stimulus given to the representative,* (pg. 3; para. 5: participants were asked questions (the question is a stimulus). The interviews were videotaped, transcribed and scored. (pg. 1; para. 2)).
- *reviewing behavior of the representative within the record for a pre-determined period of time to determine the presence of a cluster of two or more deceptive behaviors responsive to the stimulus,* (pg. 3; para. 6: observers coded 10 behaviours; pg. 4; para. 11: correlations of behaviours where calculated to show to what extent raters agreed whether or not an observed behaviour was present or not in a certain time interval (i.e., behaviors were reviewed for a pre-determined period of time) and pg. 4; para. 10: raters scored "for each of

the three answers the presence or absence of each of the" criteria (i.e., behaviors). Thus, clusters of behaviors were reviewed as responsive to each question.)

- *counting a number of deceptive behaviors responsive to the stimulus in the predetermined period of time* (pg. 4; para. 10-11).
  - *noting the determined cluster and the number of deceptive behaviors in the determined cluster within the record of the disclosure.* (pg. 5; para. 5: the study is considered to contain the interviews and analysis)
- 22.** Vrij does not disclose that the predetermined period of time occurs *after the stimulus* or analyzing *a corporate disclosure*.
- 23.** Johnson, however, discloses a method of detecting deception that use the time of the subject's response (i.e., after the stimulus) as the reference point for aligning data to an arbitrary time point. (P[0087]).
- 24.** Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included starting the pre-determined time period (disclosed by Vrij) as beginning after the stimulus, as disclosed by Johnson for the motivation of establishing a reference point for collecting data. It is old and well known to collect data over a period of time and as Vrij discloses calculating a difference in latency period during deception versus when truth telling (pg. 5; para. 5), it is clear that Vrij would be required to set a start time after the stimulus for data collection regarding latency.
- 25.** Barboza discloses that Smith Barney "regrets that it did not detect and prevent this deception by one its former employees" and had "hired a consultant to review some of its procedures". (para. 9 and 11).
- 26.** Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to have included studying the deceptive behaviors of financial managers, as disclosed by Barboza in the system disclosed by Vrij, for the motivation of providing a method of understanding the correlation of lying to behaviors as it relates to financial managers for the purpose of detecting and preventing fraud. Vrij teaches the behaviors of liars (pg. 1; para. 3)

while Barboza teaches the need in the financial world to detect deception (para. 8 and 9).

Therefore, it's obvious that managers lie and there exist documented behaviors that can aid in the detection of the deception.

27. **Claims 2-5:** Vrij discloses questions (pg. 3; para. 5), verbal (pg. 4; para. 10) and non-verbal responses (pg. 5; para. 5), topics (pg. 3; para. 5: each question is a topic), time periods (pg. 4; para. 6: latency period), representatives (pg. 1; para. 2: 86 nurses), interviewers (pg. 2; para. 3: 2 interviews for each nurses, one in which they were instructed to tell the truth, another in which they were instructed to lie).
28. **Claim 7:** Vrij does not disclose that the pre-determined period of time is from the beginning of the stimulus until approximately five seconds after the stimulus.
29. Johnson, however, discloses a specific time interval of stimulus onset to 1-2 seconds after the stimulus. (P[0111]).
30. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included beginning the time interval with stimulus onset, as disclosed by Johnson, in the system of Vrij for the motivation of collecting non-verbal behavioral data. It is obvious that non-verbal behavioral data, such as fidgeting and gaze aversion can occur while the question (i.e., stimulus) is being presented, therefore, it is obvious to begin collecting data from the stimulus onset and to continue to collect data for a period of time after the conclusion of the stimulus.
31. Though Johnson does not disclose approximately 5 seconds, this difference is only found in the **nonfunctional descriptive data** and is not functionally involved in the steps recited. **The review of the behavior (i.e., data collection) would be performed regardless of length of the time period.** Thus, this descriptive data will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).
32. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to have included five seconds because such data does not functionally relate to the

steps in the method claimed and because the subjective interpretation of the length of the time interval does not patentably distinguish the claimed invention.

33. **Claim 8:** Vrij discloses that liars have a significantly longer latency period than truth tellers (pg. 6; para. 4), therefore, the calculation of the latency period (a deceptive behavior) obviously requires the need to continue to collect data beyond a predetermined time period in order to fully collect the verbal and non-verbal data.
34. The Examiner takes **Official Notice** that it is old and well known to continue data collection beyond a predetermined time interval to account for variability in the length of subject's latency period and length of response to a question, as well as to insure that the data collection process is comprehensive. For example, in Vrij, a question is presented. The subject begins responding at 4 seconds (thus a latency period of 4 seconds is established) and continues to respond for several additional seconds. It is obvious that data collection would continue beyond the predetermined time interval of 5 seconds in order to collect all the verbal and non-verbal response data. Without providing the flexibility in time for data collection, an incomplete profile of the subject is created and the findings are skewed.
35. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included continuing data collection beyond a pre-determined period of time, in the system of Vrij for the motivation of providing a complete data record.
36. **Claims 9 and 10:** Vrij discloses a cluster of two of a same behavior (e.g., speech errors) and a cluster of different behaviors (latency period (i.e., non-verbal) and speech errors (i.e., verbal)). (pg. 3; para. 6 – pg. 4; para. 7).
37. **Claim 6** is rejected under 35 U.S.C. 103(a) as being unpatentable over Vrij et al. ("People's insight into their own behaviour and speech content while lying". British Journal of Psychology. London: May 2001. Vol. 92 Part 2. pg. 373, hereafter referred to as "Vrij") in view of Barboza ("Smith Barney Agrees to Settle Bond Charges for \$2 Million". New York Times. (Late Edition

(East Coast)). New York, N.Y.: Sep. 24, 1997. pg. D. 10) in view of Weber et al. (US Pat. No. 5,564,005, hereinafter referred to as "Weber").

38. **Claim 6:** Vrij discloses videotaped and transcribed interviews (pg. 1; para. 2) that were coded based on behaviours (pg. 3; para. 6).
39. Vrij does not disclose a *disclosure by a corporate representative*.
40. Barboza, however, discloses that Smith Barney "regrets that it did not detect and prevent this deception by one its former employees" and had "hired a consultant to review some of its procedures". (para. 9 and 11).
41. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to have included studying the deceptive behaviors of financial managers (corporate representatives), as disclosed by Barboza in the system disclosed by Vrij, for the motivation of providing a method of understanding the correlation of lying to behaviors as it relates to financial managers for the purpose of detecting and preventing fraud. Vrij teaches the behaviors of liars (pg. 1; para. 3) while Barboza teaches the need in the financial world to detect deception (para. 8 and 9). Therefore, it's obvious that managers lie and there exist documented behaviors that can aid in the detection of the deception.
42. Vrij does not disclose an annotation means.
43. Weber, however, discloses the annotation of recorded events in a business domain (C1; L38-67).
44. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included annotating a recording, as disclosed by Weber, in the system of Vrij for the motivation of correlating user-produced notes or information about an event to recorded signals of the event in order to provide greater collaboration. (Weber; C1; L40-45).

### ***Response to Arguments***

45. Applicant's arguments with respect to claims 1 and 6 have been considered but are moot in view of the new ground(s) of rejection.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gabrielle McCormick whose telephone number is (571)270-1828. The examiner can normally be reached on Monday - Thursday (5:30 - 4:00 pm).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 571-272-6812. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/G. M./  
Examiner, Art Unit 3629

/John G. Weiss/  
Supervisory Patent Examiner, Art Unit 3629